

Public Notice
State of South Carolina
Department of Health and Environmental Control (DHEC)
Bureau of Water
2600 Bull Street
Columbia, South Carolina 29201

Public Notice 07-019-Y State Revolving Fund (SRF) October 21, 2007

Draft Fiscal Year (FY) 2008 Clean Water SRF Intended Use Plan (IUP)
Draft FY 2008 Drinking Water SRF Intended Use Plan (IUP)

The State Revolving Funds provide low-interest loans to help publicly-owned wastewater utilities and public water suppliers finance the infrastructure needed to maintain compliance with the Clean Water Act (Wastewater) and Safe Drinking Water Act. DHEC manages the SRF programs with financial administration by the State Budget and Control Board.

SRF federal capitalization grants expected by the State for FY 2008 are approximately \$9,300,000 for the Clean Water SRF and \$8,300,000 for the Drinking Water SRF. To receive any federal SRF funds the State must develop an Intended Use Plan (IUP). The purpose of the IUP is to describe how the State intends to use the SRF funds for the year and how those uses support the objectives of the Clean Water or Safe Drinking Water Acts. By means of this notice, the Department is posting for 30-day public review the FY 2007 draft IUPs for both the Clean Water (Wastewater) and Drinking Water SRF programs.

DHEC invites interested members of the public and regulated community to review and submit written comments on these draft IUPs. The full IUP documents, along with this notice, may be found on the Department's internet web site at <http://www.scdhec.net/water>. For questions or a copy of the documents (for those with limited or no Internet access) contact Mark Noble at the above address, by telephone at (803) 898-3821, FAX at (803) 898-4215, or e-mail noblejm@dhec.sc.gov. Comments received by the Bureau of Water before October 3, 2006 will be considered in finalizing the IUPs. Comments may be sent to David C. Price, P.E., SCDHEC Bureau of Water, 2600 Bull Street, Columbia, SC 29201-1708.

State Revolving Loan Fund

Clean Water
SRF

*South Carolina's
Intended Use Plan
for
Fiscal Year 2008*

October 2007
Draft



Table of Contents

I.	Introduction.....	1
II.	Goals.....	1
	A. Short Term Goals.....	1
	B. Long Term Goals	1
	C. Environmental Outcomes and Measures	1
III.	Project Selection.....	2
	A. Priority Ranking System	2
	B. Priority List of CWSRF Projects	2
	C. Selecting Projects for Funding.....	2
	D. Addition of New Projects.....	3
IV.	Eligibility Criteria.....	3
	A. Project Sponsors	3
	B. Water Quality Management (WQM) Plans	3
	C. Land	3
	D. Planning and Design Costs.....	3
	E. Legal and appraisal fees	4
	F. Construction costs.....	4
	G. Contingency	4
	H. Phasing of a CWSRF Project.....	4
	I. Projects Not Eligible for Funding.....	5
V.	Public Participation	5
VI.	Distribution of Funds.....	5
	A. Amount of Capitalization Grant for FY 2008	5
	B. State 20% Match Requirement	5
	C. Administration of the CWSRF Program.....	5

D. Total Funds Available for Loans for FY 20085

E. Interest Rates6

Attachment: List of Selected Projects for Funding

I. Introduction

The federal Clean Water Act (CWA) amendments of 1987 authorized a Clean Water State Revolving Fund (CWSRF) to assist sponsors with the financing of publicly owned treatment facilities (Section 212) and nonpoint source management activities (Section 319). Title VI, Section 601 of the CWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization grants to states for the purpose of establishing a low-interest loan program to assist eligible CWSRF project sponsors.

The South Carolina Department of Health and Environmental Control (DHEC) is the designated state agency to apply for and administer the capitalization grant for the CWSRF. The State Budget and Control Board (BCB) Office of Local Government conducts financial functions and makes loans to project sponsors. South Carolina's allotment of the CWSRF funds appropriated by Congress for Fiscal Year (FY) 2008 is expected to be approximately \$13,500,000.

II. Goals

South Carolina has identified several short and long term goals to guide development of the CWSRF program and ensure maximum public health benefits. Effective with this IUP, the State will initiate a related discussion of "environmental outcome" goals and the means to measure them.

A. Short Term Goals

1. Increase the number of nonpoint source SRF projects by communicating interest rate incentives to potential sponsors.
2. Develop procedures for using alternative project delivery methods for SRF funded projects.

B. Long Term Goals

1. Continue the implementation of the CWSRF Program in perpetuity.
2. Establish and manage an effective and efficient CWSRF loan program by developing and implementing administrative rules and guidance that support the functioning of the program while ensuring compliance with the intent of the CWA.
3. Support the meeting of final effluent limits by all municipal facilities (POTWs).
4. Meet, in general, water quality standards of all water bodies in the State.
5. Ensure that the CWSRF generates sufficient earnings such that the fund principal is not adversely affected by inflation.

C. Environmental Outcomes and Measures

In authorizing the Clean Water Act and its amendments, Congress found that safe and clean water is essential to the protection of public health. DHEC is participating in EPA's Clean Water SRF Benefits Analysis.

III. Project Selection

A. Priority Ranking System

The CWA requires that states develop a list of potential projects to be funded from the CWSRF and rank them in priority order. When the CWSRF was first created, the primary focus was the funding of "treatment works" projects. As a result, the ranking system by which South Carolina prioritized and selected construction projects focused on municipal wastewater collection and treatment systems.

In 1996, a joint state/EPA workgroup issued a policy document entitled *The Clean Water State Revolving Fund Funding Framework: Funding to Solve Our Nation's Water Quality Problems*. The *Funding Framework* encourages all states to integrate their planning and priority setting systems, and recommends two alternatives for doing so: a goals approach, or an integrated ranking system. South Carolina chose the latter approach.

DHEC's system for ranking potential CWSRF projects is designed to equally evaluate municipal wastewater and nonpoint source projects according to priorities established by South Carolina to improve water quality. The ranking system is outlined in DHEC's document entitled *CWSRF Integrated Priority Ranking System for Wastewater and Nonpoint Source Projects* [IPRS]. This document may be found on DHEC's web site at www.scdhec.gov/water/html/srf.html.

B. Comprehensive Priority List of CWSRF Projects

Using the IPRS, DHEC developed a comprehensive priority list of CWSRF projects that is also located at the above listed web site. This comprehensive priority list is based on the revised ranking system mentioned above. An eligible project may be added to the list at any time by completing a project questionnaire (can be found on DHEC's website at <http://www.scdhec.net/water/forms/d-3561.pdf>.) and by forwarding it to DHEC's SRF Section for review. For more information on how an eligible project sponsor may add a project to the list, please refer to the IPRS document and the preamble to the *Priority List of CWSRF Projects*.

Note: To be considered for funding, a project must appear on the *Comprehensive Priority List of CWSRF Projects*.

C. Selecting Projects for Funding

The selection of projects for funding will be based on the projects' ranking and the sponsors' readiness to proceed at the time the IUP is drafted. A project will be considered ready to proceed if the sponsor expects, by April 1, to have received a construction permit from the SRF Section and to have submitted a complete SRF loan application to the BCB; the sponsor

of any project must submit a complete loan application by April 1 to insure its funding priority. After April 1, loan applications will be accepted on a first-come, first-served basis until the available funds are exhausted or until July 31, whichever occurs first. In the event the BCB receives complete applications for two or more projects on the same day, the highest-ranked project(s) will receive priority for funding. For large projects, DHEC and BCB reserve the right to impose a limit on the amount of any given CWSRF loan, regardless of ranking, and to consider a sponsor's ability to obtain financing from other sources.

The Attachment A lists the projects on the current comprehensive priority list to be funded in FY 2008.

D. Addition of New Projects

The projects in the Attachment are listed based on readiness to proceed and other factors. *The listing in the Attachment does not preclude the opportunity for other projects to receive funding in FY 2008.* All prospective project sponsors with sewer facility needs are encouraged to contact the Department as soon as possible to add their projects to the priority list and be considered for funding in FY 2008 or next year.

IV. Eligibility Criteria

A. Project Sponsors

An eligible CWSRF project sponsor means a county, municipality, special purpose district, commissioners of public works, or any other public agency of the state which may own or operate a project, and includes any combination of two or more of these entities acting jointly to construct, own or operate a project.

B. Water Quality Management (WQM) Plans

Pursuant to Section 208 of the Clean Water Act, all CWSRF projects must conform to the applicable WQM plan. In general, CWSRF project sponsors must have the status of designated WQM management agencies. In certain cases, the WQM management agency-designation process may be pursued concurrently with the CWSRF project.

C. Land

Land is eligible for a CWSRF project only if it is an integral part of the wastewater treatment process, as, for example, in a land application project. Land required merely for *sites* for treatment works and pump stations, rights-of-way, easements, etc., is not eligible. In the CWSRF program, land may be acquired under proper eminent domain procedures, where necessary.

D. Planning and Design Costs

A CWSRF loan may include the costs of project planning and services incurred prior to construction (e.g. costs associated with preparing the PER, plans and specifications, advertising, pre-bid conference, bidding procedures, pre-construction conference, loan application, administration). Only those costs for which there is clear documentation of

expenses incurred solely for the proposed project and are dated no earlier than 36 months prior to the date of a complete loan application to the BCB, are eligible for funding under the CWSRF program.

E. Legal and appraisal fees

In general, legal and appraisal costs associated with obtaining land (rights-of-way and easements), and attorney fees associated with the SRF loan application and loan closing process are eligible. Legal and appraisal costs associated with obtaining land are **not** eligible for funding under the CWSRF program if incurred earlier than one year prior to the date of submission of a complete loan application package.

F. Construction costs

Construction costs include the estimated costs associated with the construction of the project by a contractor. The CWSRF may provide assistance for the costs associated with engineering services during construction, such as inspections, change orders, overview of contractors, shop drawings, record drawings, concrete or soil testing, pay estimates, and draw requests.

Equipment that is directly purchased by the sponsor, such as pumps, generators, etc., is eligible. Materials, such as pipe, valves, brick mortar, etc., that are directly purchased by the sponsor are eligible. The materials may be installed either by a contractor or by the sponsor using its own employees and equipment: Eligibility is limited to the **costs** of materials. The costs of supplies such as fuel, oil and tools used by the sponsor to install the materials are not eligible for funding under the Clean Water SRF program. Additionally, force account labor is not eligible.

G. Contingency

The SRF program allows a contingency of 2.5% for materials that are directly purchased by the sponsor

The SRF program allows a contingency for construction of 10%.

There is no contingency allowed on equipment; therefore, it is recommended the engineer obtain current price quotes in estimating the equipment costs.

H. Phasing of a CWSRF Project

To make construction and/or funding more manageable a project may be divided, at the option of the sponsor, into separately funded phases or segments. However, to be CWSRF-eligible, any such phase or segment must be of reasonable scope and, when constructed, must have the capability of being placed into immediate full operation, i.e., without its full operation being dependent on a subsequent project phase or segment or other outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other projects for priority list ranking in later fiscal years.

I. Projects Not Eligible for Funding

The CWSRF will not provide funding assistance for the following projects and activities:

1. Refinancing of any existing debt;
2. Projects for systems that lack adequate technical, managerial and financial capability;
3. Projects exclusively correcting operation and maintenance deficiencies;
4. Projects for systems in NPDES noncompliance, unless funding will ensure compliance;
5. Projects that are not placed into active operation within a reasonable period of time (not to exceed one year from the date construction is completed).

V. Public Participation

A "Notice of Availability" of the draft IUP will be mailed to each project sponsor on the comprehensive priority list and to other interested parties. In addition, a notice of availability will be published in *The State*, *The Greenville News*, *The Post and Courier*, and the *Sun News* (daily newspapers) on Sunday, October 21, 2007. Also, during the public notice period, the notice and draft document will be posted to DHEC's Internet Web site, www.scdhec.gov/water/html/srf.html. Interested parties are invited to review and submit written comments on the draft IUP by November 21, 2007.

VI. Distribution of Funds

A. Amount of Capitalization Grant for FY 2008

The amount of the CWSRF capitalization grant expected for FY 2008 will be approximately \$13,500,000.

B. State 20% Match Requirement

One condition of receiving this allotment is the state must deposit into the CWSRF an amount equal to at least 20% of the total amount of the capitalization grant. The state will match the required amount of approximately \$2,700,000 through cash deposits.

C. Administration of the CWSRF Program

The CWA allows states to use a portion of each annual capitalization grant to fund administering the program. DHEC plans to use four percent (4%), or approximately \$540,000, for program management, including hiring staff, paying operational expenses and providing technical assistance to potential loan applicants.

D. Total Funds Available for Loans for FY 2008

Balance of funds available as of July 31, 2007	\$67,067,778
FY 2008 capitalization grant less 4% for administration (estimated)	12,960,000
FY 2008 state matching funds (estimated)	2,700,000
Estimated repayments for FY 2008	30,759,779
Estimated earnings for FY 2008	<u>5,775,000</u>
Total Funds Available	\$119,262,557

E. Interest Rates

Interest rates are established by the Budget & Control Board prior to September 30th of each year. For detailed information on current SRF interest rates, visit the BCB web site at http://www.olg.sc.gov/FY08_interest_rates.pdf or go to the DHEC SRF web site and click on “New Low Interest Rates”.

SOUTH CAROLINA CLEAN WATER CWSRF IUP
Fiscal Year 2008 List of Selected Projects for Funding

	Sponsor/ Project Name	DHEC Project Number	SRF Loan Amount Estimate	PROJECT DESCRIPTION	Total Points	Is the sponsor ready to proceed with the project? (yes/no)
1	James Island PSD Lighthouse Point, Phase II Sewer Line	543-01	\$3,000,000	Installation of approximately 21,000 LF of sewer line and force mains and three pump stations	75	Yes
2	Mt. Pleasant WSC Rifle Range Road Solids Handling	511-27	\$7,185,000	Solids handling	75	Yes
3	Mt. Pleasant WSC Rifle Range Road WWTP 10 MGD Expansion	511-28	\$30,000,000	Upgrade of plant to include new headworks, conversion of clarifiers to EQ basin, new anoxic basin, conversion to MBR, UV system, sludge storage expansion, lab building, dewatering building expansion, septage receiving facility, new effluent pumps.	75	Yes
4	City of Georgetown Hwy. 17 Drainage Improvements	412-12	\$3,000,000	Drainage area improvements for an approximate 200-Acre drainage basin	65	Yes
5	Oconee County Sewer Commission Septage and Grease Receiving Facility	366-17	\$750,000	Design and installation of a septage and grease processing facility of the Coneross Creek WWTP	65	Yes
6	Oconee County Sewer Commission Richland Creek/Bountyland Sewer Project	366-18	\$4,267,000	Construction of a gravity sewer system for the Richland Creek Basin, including lines, manholes and easements. Elimination of 5 existing pump stations.	65	Yes
7	Oconee County Sewer Commission Martin Creek Relief Pump Station 0033553	366-16	\$3,547,000	Construction of a new Martins Creek Relief Pump Station (.8 - 1.1 MGD) and force main. Also parallel gravity sewer for Lower Martins Creek and Upper Perkins Creek Basins.	55	Yes
8	WCRSA Piedmont Regional WWTP	370-48	\$32,000,000	Construction of a 4 MGD WWTP to take the place of Piedmont Plant and Grove Plant.	55	Yes
9	Town of Pendleton WWTP Upgrade - Phase I	472-05	\$4,800,000	Plant modifications to meet more stringent limits. Modifications include new headworks, screening and grit removal, upgrade influent pump station, new equalization basin, new rapid mix basin, upgrade of existing clarifier, new filter equipment and new UV system.	45	Yes
10	City of Bennettsville Sewer System Rehab	406-01	\$1,225,000	Sewer system rehab for city of Bennettsville	5	Yes
11	Kershaw County East Camden Sewer Project	587-02	\$3,500,000	This project consists of approximately 13,000 LF of 8", 10" and 12" gravity sewer, 5600 LF of force main, manholes, services and 3 pump stations.	5	Yes
12	City of West Columbia Sewer System Rehabilitation	523-01	\$9,200,000	Sewer system improvements for the City of West Columbia to include sewer lines, manholes and pump stations.	5	Yes
13	City of Walterboro Pump Station Upgrades	441-05	\$340,787	Upgrade of 2 pump stations, associated electrical equipment, emergency generators and larger force mains	0	Yes
14	Grand Strand WSA Myrtle Beach WWTP Expansion/Upgrade	381-66	\$15,791,200	Addition of 5 MGD oxidation ditch, clarifier, effluent pumping, sludge handling, lagoon management and headworks rehab.	0	Yes
TOTAL			\$118,605,987			